



March 17, 1981

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TO: See Distribution

FROM: L. Paul Bremer, III, Executive Secretary

SUBJECT: Draft Strategy Paper on Central America

The attached paper is the current draft of the strategy paper on Central America. Addressees are requested to provide their final comments to Bud McFarlane no later than 5:00 p.m., March 19, 1981. It is anticipated that this subject will be scheduled for an early NSC meeting.

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State Dept. review completed

STRATEGY PAPER FOR THE NSC

U.S. POLICY IN CENTRAL AMERICA
AND THE CARIBBEANI. Strategic Overview

Armed insurgency, strongly supported by Cuba, threatens U.S. interests in the Central American and Caribbean region. The most aggravated insurgent situation exists in El Salvador, where substantial U.S. security assistance efforts are already underway to buy time and to stabilize the immediate threat. The insurgency challenges faced by Guatemala and Honduras are less advanced, but will increase unless effectively countered. In Nicaragua and Grenada, Cuban influence has already reached an unacceptably high level. In Costa Rica, traditional democratic institutions are being undermined by severe economic problems. Similar economic difficulties undermine the democratic institutions of the other islands of the Caribbean, offering potentially fertile ground for Cuban subversive efforts.

U.S. interests call for a Central America and Caribbean of stable, prospering and moderate states friendly to the United States and free of significant influence from powers hostile to us. Cuba's objectives in the region are the antithesis of our own: to overthrow existing governments, replace them with Marxist regimes and diminish U.S. influence. To this end, Cuba with indirect Soviet support has trained, coordinated, supplied and advised insurgents and would-be insurgents throughout the region. The SIG has directed that actions vis-a-vis Cuba to end or curtail its support for Central American insurgents be studied separately as part of a broader U.S. policy for addressing Cuban and Soviet support for Marxist insurgent groups around the world; obviously, stopping or restricting Cuban support for Central American insurgents is crucial to defending U.S. interests in the region.

In Central America and the Caribbean our overriding goal is to defeat Cuban-supported insurgency and reduce Cuban influence, and to do so in such a way that preserves other important U.S. interests in the hemisphere and around the world. For twenty years successive U.S. administrations have sought to cope with the Cuban challenge, most usually on an ad hoc and random basis. It is time that the United

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States developed a broad and enduring program for dealing with the Cuban threat. We have spoken publicly of our intentions in this regard and our credibility will suffer if we do not match our words with effective action. This paper treating the situation on the ground in the region is meant to be the first step in such an effort.

It is essential to note at the outset the nature of the Cuban challenge in Central America and the Caribbean. We have important (if not always vital) interests in the specific countries where Cuban influence is being sought. Over time, unless checked, successful Cuban subversion will threaten U.S. interests which are vital -- the security of Mexico and the Panama Canal. Perhaps more important in the near term is our fundamental interest in ensuring that others perceive the United States as able to meet the challenge posed by this Soviet-backed state. This requires that we succeed in turning back the Cuban challenge in Central America and the Caribbean. Cuban adventurism must be met in our own front yard not only to defend our local interests, but also to defend our global stakes in the rule of law and international order; a failure to deal with the Cuban problem will only embolden our adversaries and undermine our Allies and friends worldwide.

It is important that we understand the precise nature of the threat. There exists throughout much of the region long-standing and deep-rooted political, economic, and social problems which provide an all too fertile ground for subversion and violent change. Cuba, with Soviet encouragement and support, is successfully exploiting these conditions, using a range of military and political instruments.

But just as the challenge is multifaceted, so must be our response. It is our view that to succeed we must adopt a carefully balanced and integrated strategy in which anti-insurgency and anti-Cuban efforts will be accompanied by prompt and decisive actions in the political and economic realms. Such a strategic approach is necessary, not only to address all aspects of the problem, but to maximize domestic and international support for our efforts. Indeed, we are particularly concerned that a policy largely based on -- or seen to be based on -- military measures would generate such opposition among the American public, the Congress and our Allies as to jeopardize their support and ultimately the strategy itself.

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II. Dimensions of a Strategy

A successful strategy for dealing with the Cuban challenge must be both balanced and comprehensive. Three basic dimensions are necessary:

- "efforts aimed at the sources": i.e., to alter Cuban and Soviet behavior.

NOTE: U.S. policies in this dimension of the strategy will be studied in the separate policy paper commissioned by the SIG. The policy directions listed here are illustrative only.

- . putting the Soviets on notice that their support for Cuban activities threatens overall US/Soviet relations;
- . making a diplomatic demarche to Cuba signaling a carrot and stick approach;
- . depending upon the results of the demarche, considering a range of economic, political and military inducements to reward constructive Cuban behavior and sanctions in response to continued Cuban support for insurgency;



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- . considering measures to interdict arms and supplies en route to recipients or in Cuba itself.

- attempts to deal with the challenges themselves: i.e., to reduce the opportunity for successful Cuban exploitation such as:

- . promoting measured economic, social and political progress in potential target countries;
- . providing effective security assistance to friendly governments and aid to forces opposing Cuban-backed governments;
- . extending intelligence support.

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-- initiatives to generate support: i.e., to build a consensus prepared to support and contribute to this strategy through:

- . consultations with Allies to include leading South American as well as European governments.
- . consultations with Congress and communications with the American people;
- . a worldwide information campaign.

Courses of action available to us in pursuing this strategy are presented more clearly under the eight policy elements presented in Section IV.

III. Issue for Decision

This paper seeks NSC approval of the general strategy presented herein. While its effective implementation requires an integrated approach addressing all elements of the strategy, appropriate measures can be grouped together in various combinations and at varying levels of resource and policy commitment. We therefore also seek NSC guidance in principle on the general blend of policy instruments it favors and the overall level of resources and policy commitment it is prepared to approve. (Illustrative viable combinations and resource commitments are discussed in Section V.) We will return to the NSC for consideration and explicit approval of specific courses of action and funding levels, which will require further interagency analysis following today's NSC decisions.

IV. Discussion of Strategy Elements and General Courses of Action

This section presents the eight elements of our strategy, suggests illustrative courses of action and makes a preliminary evaluation of their feasibility.

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1st Strategic Element: Measures in Central America and the Caribbean to Control or Prevent Armed Insurgency

Illustrative Courses of Action

-- security assistance and training to correct deficiencies in the armed forces of El Salvador, Guatemala and Honduras in the areas of mobility, coordination between military/security organizations, communications, aerial and electronic surveillance and detection capabilities, [redacted] and modern weapons. DOD programs will seek to improve these capabilities at the national, regional/brigade and, indirectly, at the unit level [redacted]

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-- upgraded DOD [redacted] surveillance re infiltration of arms and supplies;

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-- in urgent situations, such as the current situation in El Salvador. [redacted]

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supplies from Cuba; consideration of overt DOD interdiction operations;

-- security and training assistance to the security forces of the Caribbean islands.

Preliminary Evaluation

Training and materiel security assistance for the armed forces is do-able. [redacted]

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[redacted] Congressional approval is necessary and probably would be forthcoming within the overall context of a cohesive U.S. strategy for the region. Supplemental appropriations would be necessary in FY 1981 and 1982. New levels should be built into the FY 1983 budget and out-years. In furtherance of the overall U.S. strategy, U.S. presence and visibility should be as low and as unpublicized as possible. If kept in balance with other elements of the strategy, the risks are manageable.

Direct action on the scene against Cuba is a much higher risk operation. It would risk, if it became known,

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widespread international condemnation, including among our Allies, and possible retaliation by Cuba and perhaps the Soviet Union. On balance, we believe the potential gains outweigh the risks.

2nd Strategic Element: Measures vis-a-vis Cuba to end or Curtail Cuban Support: A Carrot and Stick Approach

NOTE: Measures vis-a-vis Cuba will be examined in the context of the separate policy paper commissioned by the SIG. With regard to Central America and the Caribbean, the following considerations are relevant, subject to further review:

Illustrative Courses of Action

A high-level but private demarche to Cuba making clear that we will no longer tolerate Cuban efforts to subvert existing regimes in Central America and elsewhere, and that we are prepared to offer inducements and sanctions depending upon their behavior.

A. Possible Sanctions if Cuban Behavior Remains Unsatisfactory

-- terminate commercial charter flights between Cuba and the U.S.; increase propaganda measures: enforce trade embargo more vigorously.

blacklist merchant vessels in trade with Cuba; reduce Cuban access to fishing waters; consider denouncing or threaten to denounce the US-USSR understanding on Cuba;

Cuba; direct military measures as deemed necessary and appropriate in the separate policy paper; etc.

B. Possible Incentives/Rewards

-- offer comprehensive bilateral talks; lift embargo on medicines and some foods; reestablish scheduled air service; end SR-71 overflights; reduce restrictions on

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U.S. foreign subsidiary trade with Cuba; lift embargo completely; renew broader trade links; etc.

Preliminary Evaluation

The timing of a demarche to Cuba on this issue would be critical. The credibility of the Administration's willingness to take decisive steps may be such as to make an early demarche effective. Alternatively, a couple of specific negative steps against Cuba before making a demarche could impress upon Castro the seriousness of this Administration's intentions. A decision on timing would take into consideration any available evidence concerning Castro's understanding of the Administration's determination to sharply curtail or end Cuban support. Indirect actions would harass and pressure Cuba without actively confronting Cuban forces or physically damaging Cuban facilities. They are feasible with present resources. More direct actions would be high risk and would, if challenged, strain our ability to meet commitments in other strategic areas. Congressional support of the approach implicit in a carrot and stick demarche is highly questionable. Castro could publicize the demarche and turn it against us. Moreover, it is very unlikely we would enjoy the support of our allies, who at best would consider it a US/Cuban bilateral problem and at worst might actively oppose us.

Moreover, there are a number of retaliatory steps the Cubans could take against the U.S., e.g. renewal of the Mariel refugee exodus, a move against Guantanamo or terrorist action in Puerto Rico. We would have to be sure of our ability to handle such Cuban countermeasures. In short, a demarche to Cuba is unlikely to get results, is high risk, and would entail potentially heavy costs if Castro were to accept the challenge. However, the potential payoff -- withdrawal of Cuban support for insurgency in Central America -- justifies the effort. Regardless of the outcome, the Administration needs to establish for the record that it has attempted to negotiate through normal procedures to protect U.S. interests.

3rd Strategic Element: Measures to Induce the Soviet Union
 to Withdraw its Support of Cuban
 Adventurism

NOTE: Measures via-a-vis the Soviet Union will be examined in the context of the broader policy paper commissioned by

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the SIG. With regard to Central America and the Caribbean, the following considerations are relevant, subject to future review:

Illustrative Courses of Action

Present a demarche to the Soviet Union stating we hold the Soviet Union ultimately responsible for Cuba's support for insurgency in Central America and indicating this issue has high priority on the agenda of problems in US/Soviet relations. Make moderation of Cuban activity a prerequisite to improved US/Soviet relations. Indicate U.S. consideration of denouncing the US-USSR understanding on Cuba.

PRELIMINARY EVALUATION

Clearly the Soviet Union is in a position to influence Cuban behavior. Yet it is not clear that we need to invoke that leverage formally. There is some evidence that the Soviet Union will not take us on concerning a matter within "our sphere of influence." If this is true, our insertion of this matter as a major issue in US-Soviet relations would be unnecessary and perhaps counterproductive in that the Soviets might require corresponding concessions from us elsewhere in return for easing off Central America -- a decision they may have already made. Consequently, there is no compelling need to approach the Soviets formally at this time. In the normal course of our dialogue, however, we should let it be known that our expectations of restraint encompass not only their behavior but that of their clients as well. Moreover, during the next six months we should measure Soviet reactions to our efforts and reconsider a formal demarche if the need arises.

4th Strategic Element: Effective U.S. Support for Improving the Political, Economic and Social Conditions of Central America and the Caribbean, the Breeding Ground of the Insurgency Virus

Illustrative Courses of Action

A. Increased U.S. and international economic assistance to Central America and the Caribbean deliberately

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designed and packaged to help neutralize insurgent propaganda, enhance U.S. and Western credibility and improve the image of the respective governments:

-- Embassy San Salvador has already submitted an emergency, economic assistance request for El Salvador, and current economic assistance planning for Guatemala and Honduras should be reexamined against these criteria. Significant increases above previous assistance levels are necessary for political, psychological and propaganda impact, as well as on strict economic grounds.

-- Economic assistance programs in the Caribbean should be examined and increased as necessary; existing assistance mechanisms should be reviewed to determine their responsiveness to U.S. interests;

-- the U.S. should take the lead in arranging increased economic assistance for Central America and the Caribbean from other donor nations and international financial institutions.

-- appropriate performance standards must be developed to assure that economic assistance programs are seen by the people of Central America and the Caribbean to be directed at improving their standards of living.

B. Quietly but firmly help authorities of each government develop early and credible electoral processes to legitimize them in the eyes of their own people and U.S. and world opinion; elections -- not negotiated power-sharing with the left -- is the political solution that meets our policy goals while at the same time providing a positive focus for our consultative and information programs.

-- the U.S. must heavily emphasize in all public discussions of El Salvador the electoral process that is getting underway and seek means (e.g. international supervision or oversight) to enhance the credibility and fairness of the process both in El Salvador and abroad.

-- in Guatemala and Honduras we must impress upon the governments that our economic and security assistance is sustainable only if accompanied by firm and effective government measures setting up credible processes leading to early national elections. The U.S. should assure the continued progress in Honduras toward elections and insist with Guatemalan authorities that they take prompt steps toward elections.

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C. Quietly but firmly help the authorities of each government to curb the excesses of their militaries which serve to alienate their populations and feed the insurgencies.

-- develop programs and training courses with Central American militaries for this purpose; identify appropriate and inappropriate military behavior; codes of conduct; military civic action programs; prevention of crimes against the population by the military, and punishment of crime when it occurs; propaganda campaign putting military in a favorable light.

Preliminary Evaluation

We believe that in the strategy context outlined here, Congress will support substantially increased economic assistance for Central America and the Caribbean. Reprogramming and a budget amendment would be required in FY 1981 and 1982; higher and restructured assistance requests must be built into the FY 1983 and out-year budgets. Quiet but firm U.S. pressure on the Central American governments in the areas of economic and social progress, political reform and curbing military excesses is indispensable to the strategy; U.S. assistance should be linked to satisfactory performance. We cannot appear to be supporting a return to extreme right military dictatorships in Central America. In the Caribbean we must act now to increase support of the existing democratic structures before they are over-whelmed by economic and social problems. Our purpose here is not to engage in mindless coercion of governments over isolated inconsistencies with our values which ignore our larger concern for measured progress in broad terms toward political and economic stability. We believe that our initial expressions of support without exacting quids pro quo have established our bona fides and good faith and that we will be able to achieve the changes we seek through quiet, balanced diplomacy. This approach should receive majority support in the U.S. Congress, but risks the opposition of certain key Senators and Congressmen. CIA activities in support of democratic forces are completely defensible and highly desirable.

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5th Strategic Element: Measures to get Nicaragua back on
Course toward Pluralism and away from
Castro: A Carrot and Stick Approach

Illustrative Courses of Action

A. In a forceful, private demarche to appropriate Nicaraguan leaders, delivered by our Ambassador after consultations with you, explain our Cuban denial policy and the unacceptability of (1) Cuban security links with Nicaragua and (2) emergence of a Marxist-Leninist, one-party state in Central America; invite Nicaragua to move toward free elections together with its Central American neighbors; offer resumption of U.S. assistance to and cooperation with a pluralistic, moderate Nicaragua. Our goal is to push the existing government back to moderate paths or promote its replacement by moderate forces.

B. Openly promote and encourage democratic institutions in Nicaragua. Work with Central American neighbors to support Nicaraguan moderates against the Sandinistas; if the demarche is unsuccessful, provide covert assistance to groups dedicated to establishing democracy in Nicaragua. If efforts to moderate the present Nicaraguan government are unsuccessful, we would intensify efforts to overthrow it.

Preliminary Evaluation

The prospects of a demarche to Nicaragua are poor. Nicaragua is a special case in that the insurgency triumphed, and the problem is now excessive Cuban influence and growing radicalization of the regime. The Soviet and Cuban commitment to a Leninist-Marxist state in Nicaragua is high. Nevertheless, for reasons analogous to our approach to Cuba -- to protect our flank on the left -- a demarche to Nicaragua appears to be a necessary square to fill. In the context of the constructive U.S. strategy outlined here, U.S. concerns about the course of developments in Nicaragua may be shared sympathetically by some other regional players, such as Venezuela and Costa Rica. A U.S. public policy of staying in the background and letting Venezuela and others take the lead in urging early and free elections in Nicaragua is feasible.

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6th Strategic Element: Consultations with Allies on U.S. Policy toward Cuba, Central America and the Caribbean

Illustrative Courses of Action

-- Subject to NSC approval of the strategy, diplomatic missions will be quietly dispatched to European allies and key Caribbean, Central and South American countries to consult on U.S. policy toward Cuba, Central America and the Caribbean. The approaches will follow-on from the earlier missions which alerted them to Soviet/Cuban support of insurgency. The principal purpose of the new approaches will be designed to counter fears of U.S. over-emphasis of a "military solution"; the emissaries will emphasize the U.S. commitment to political solutions through impartial elections and to sharply increased U.S. economic support to attack the social and economic roots of discontent. They will also reiterate that the U.S. will not tolerate Cuban support for insurgency in Central America and the Caribbean. The emissaries will seek political support from the countries visited for our policies and their cooperation in increased economic assistance for the region.

Preliminary Evaluation

This element is an essential and integral part of our strategy. The emphasis should be to place into the broader strategic context of overall U.S. policy in Central America the U.S. determination to counter Cuban-supported armed insurgency which was the principal message of the Eagleburger and related consultations.

7th Strategic Element: Consultations with Congress

Illustrative Courses of Action

-- Subject to NSC approval of the strategy, we will prepare a legislative action program beginning with briefings and consultations with Congress aimed at fostering support for economic and security assistance measures and, if necessary, of sanctions against Cuba and Nicaragua.

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Preliminary Evaluation

Only a balanced U.S. strategy as presented above will be likely to obtain and sustain Congressional support. A careful Legislative Action strategy must be developed and implemented in order to maximize the likelihood of Congressional support.

3th Strategic Element: A Worldwide Information Campaign.

Illustrative Courses of Action

-- We will need to develop a massive information campaign to inform U.S. and world opinion of the challenges in Central America and the Caribbean and U.S. policies to counter the challenges.

-- The campaign could be kicked off with a major Presidential address definitively setting forth the enlightened, statesmanlike and clear U.S. policy for the region.

Preliminary Evaluation

We need to develop a major campaign: to present to American and foreign opinion an image of a Central America (a) on the road to democracy, moderation and economic development, and (b) struggling against Soviet/Cuban subversion; and to represent U.S. policy as firm, constructive and well-motivated.

V. Viable Policy Combinations

The strategy presented in this paper is a balanced and integrated one which addresses concurrently the three basic dimensions of the challenge, and would follow courses of action under each of the strategy elements identified. The multifaceted challenge must be countered with a multifaceted response. The previous Administration in its concentration on the underlying and regional causes of insurgency failed to address in time the fact of Cuban and Soviet support and, indeed, failed to attack even the domestic root conditions with adequate resources. We have considered the opposite approach of a "quick fix" solution, i.e. trying to end the problem through slamming the door on Cuban/ Soviet support

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(either through negotiations or by force) or through military defeat of the insurgents on the ground. We will be studying further in a subsequent policy paper measures vis-a-vis the Soviet Union and Cuba. However, we have concluded that (a) an essentially military strategy is not sustainable in U.S. domestic and international political terms, and (b) unless root social, economic and political causes are effectively addressed, insurgency will remain an ever-attractive alternative for the alienated populations.

In concluding that a broad and integrated strategy is needed, we recognize there are any number of policy combinations, and variations of relative emphasis on policy elements are possible. Below we present two illustrative general policy combinations which represent: (a) a high-priority, enhanced (above inherited levels) policy commitment, but attentive to costs to U.S. programs in other parts of the world, and (b) a top priority, high intensity, all-out policy commitment.

PACKAGE A: ENHANCED BUT MODERATE

This option would recognize our acceptance of the nature of the threat and our readiness to act to meet it. Considerable resources would be made available, and we would run some risk of Cuban or Soviet reprisal. The objective would be to reduce Cuban influence in the region and to begin effectively to attack underlying causes, aiming for a not particularly dramatic but nevertheless enhanced effort to be sustained over time. Within this approach we would: 1/

-- survey and propose revised economic and security assistance programs, prioritizing from most pressing to least pressing;

-- expand current economic and security assistance efforts to address most pressing needs, in the light of competing needs from other regions;

-- increase MTT and other training throughout the region in response to requests and priority needs;

1/ See note on page 15.

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-- support early progress toward impartial political elections in Central America;

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-- make a low-key demarche to Cuba;

-- undertake limited indirect efforts (broadcasts, etc.) to expose Castro's failures and promote anti-regime forces in Cuba;

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-- encourage programs to end military abuses in Central America;

-- communicate to Soviets that our relations will to some degree depend on Cuban behavior;

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-- engage in an extensive consultation and information campaign with U.S. public, Congress and allied and Latin American governments to build support for our policies;

NOTE: Measures vis-a-vis Cuba or the Soviet Union will be examined within the context of the broader policy paper commissioned by the SIG.

PACKAGE B: TOP PRIORITY, ALL-OUT

This option would require an effort to forge a consensus to act decisively against the Cuban threat. We would devote resources as required, and we would seek to substantially reduce or eliminate the threat emanating from Havana and to attack massively indigenous social, economic and political conditions. Under this option we would (above and beyond the measures in Package A): 2/

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2/ See note on page 16.

- make a tough, high-level demarche to Cuba;
- carry out a major assistance effort in which Central America and the Caribbean would have high-priority claim in competition with other regions;
- give substantial aid to insurgents challenging Cuban-backed governments (in Eritrea, Angola, etc.);

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- hold US-Soviet relationship (including SALT) hostage to Cuban behavior;
 - engage in an extensive consultation and information campaign to build domestic, Allied and Latin American support;
- NOTE: Measures vis-a-vis Cuba or the Soviet Union will be examined within the context of the broader policy paper commissioned by the SIG.

IV. Conclusion

The most important policy variables in developing a preferred package are:

- degree of intensity and risk-taking in actions vis-a-vis Cuba and the Soviet Union;

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- levels of economic assistance;
- levels of security assistance;
- linkage between assistance and government progress in pursuing economic and political programs and in curbing military excesses;

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Regardless of level of effort, there are a number of initiatives we can and should take:

- increase our intelligence coverage and operational capacity;
- emphasize our positive economic and political policies in consultation and information programs;
- provide more economic assistance;
- assure progress toward elections and reduction of military abuses;
- lower our military presence profile in the fight against the insurgency; downplay the U.S. security contribution;
- rationalize our military command arrangements in Latin America;
- seek relief from legislative restrictions which constrain our ability to assist paramilitary or police forces and limit our ability to respond to unforeseen contingencies.

These initiatives are needed not only to enhance our flexibility and credibility but to give us the capability to respond to unanticipated developments. The political climate at home and abroad for mounting a high-level counter-Cuban strategy may not exist. This, however, could change -- following a Soviet invasion of Poland, or in the wake of new Cuban offensives in Africa, the Middle East, or Latin America. We must be prepared to respond. What level we respond at is a policy choice; we must, however, have remedial steps to insure we possess the capacity to exercise that choice.

Lastly, there is no necessity of choosing either option in its entirety. Rather than viewing Package A and Package B as sharply different starting point levels, they can also be viewed as graduated steps, beginning with the moderate package without precluding eventual use of more stringent measures. Aspects of each can be blended, owing to preference or in some cases lack of resources. What is necessary, however, is that we fashion an integrated package and make the commitment to carry it out -- with resources, with Allies, with actions. Most important, we must decide how central a role to accord this decision in our foreign policy. Only with such a framework and consensus can we decide on more specific policy alternatives.

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VI. RECOMMENDATIONS

1. That the NSC approve the general strategy presented in this paper on U.S. Policy in Central America and the Caribbean:

APPROVE _____ DISAPPROVE _____

2. That NSC guidance on the relative priority, resource levels and policy commitment that it intends are most closely approximated in:

Package A _____

Package B _____

3. That the NSC authorize the Department of State to consult with Congress, our Allies, and key countries in Latin America and the Caribbean concerning our proposed policies:

APPROVE _____ DISAPPROVE _____

4. That the NSC authorize the Interagency Group subsequent to the above consultations to develop specific courses of action, risk assessments and funding requirements within the general guidelines of the approved Package and return to the NSC for further consideration before actions are undertaken:

APPROVE _____ DISAPPROVE _____

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